

TravelWatch

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Siobhan Carty
Office of Rail Regulation
One Kemble Street
London
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30th October 2014

Dear Siobhan,

Retail market review - consultation on the potential impacts of regulation and industry arrangements and practices for ticket selling

Our comments are as follows –

Chapter 2

1. Is our description of the retail market for tickets and passenger buying behaviour correct? If not, are there any relevant trends/issues we are missing?

We are in broad agreement with this question.

2. Have we appropriately captured the most significant changes to ticket retailing in the last 10 or so years? Do you consider that the pace and level of developments and changes have been appropriate in meeting passengers' changing needs?

This seems a fair summary – the industry has reacted generally well to passengers' changing needs.

3. Are there insights on passenger behaviour, market share and sales channels from other sectors that are worth considering?

We do not have any input to this.

Chapter 3

4. Have we accurately described the ticket selling arrangements in respect to i) retailers' incentives in selling tickets; ii) retailers' obligations to facilitate an

integrated, national network; iii) retailers' governance arrangements; iv) retailers' industry rules; and v) retailers' industry processes and systems?

We are by no means experts on the arrangements – this description seems to be accurate.

Chapter 4

5. What are your views on the impact of the retailers' incentives in the way they sell tickets? To what extent do the incentives discussed herein impact retailers' approaches, and how do these differ by retailer type? From the point of view of a retailer, what factors have to be present to make the development of new products an attractive proposition?

We agree that the time limiting nature of franchising and the incentive to cut costs rather than drive revenue may stifle investment and enterprise. Also in a regulated fare environment there may also be a disincentive to franchisees to encourage travel where train services are already overcrowded.

6. What are your views on the impact of the impartiality obligation? What is your view on passengers' awareness of impartial retailing? How does the cost of impartial retailing impact passengers' services? How could this be addressed?

We fully support the requirement to provide impartial advice on fares and sell the most appropriate ticket for the journey. There are issues about retail staff not being completely aware of all the options within the complex fares structure but it is down to the industry to ensure that staff have the requisite knowledge. The cost of impartial retailing is an intrinsic part of the current industry structure which of course has many other inherent costs arising from its complex nature.

7. With respect to split ticketing, what are your views? Are passengers appropriately safe-guarded against the risks attached to split ticketing? To what extent do industry processes and systems enable split ticketing to be developed by industry and used by passengers? Where there are issues, what could be done to address them?

Split ticketing is a difficult issue. On the face of it this should be in passengers' interests but most will be unaware of its possibilities or have the knowledge or time to take advantage of it. There will continue to be a demand for it and it is of course explicitly allowed for in the National Rail Conditions of Carriage. Passengers should be made aware of the risks if booking through a journey planner service.

8. What are your views on the requirement on TOCs to create and retailers to sell inter-available and through tickets and to offer a timetabled, walk-up service? What are your views on the benefits passengers and TOCs derive from these tickets and the timetabled, walk-up service? What challenges does

this obligation give rise to, if any? Where there are issues, what could be done to address them?

A walk up service and the accessibility of inter-available and through tickets is a key benefit and selling point of our national rail service. We understand that the majority of passengers on medium and long distance journeys use walk on tickets. There are challenges of capacity at certain times and price can to some extent reflect this. But rail travel should be encouraged in its environmental role and from that point of view cost is justified.

9. With respect to having minimum obligations on TOCs to have their station ticket offices open, what are your views on the impact of these obligations on how the market can develop in line with passengers' needs?

We commented on the value of station ticket offices in our previous submission in March and have little to add to that. We are not convinced about the merits and dependability of virtual ticket office machines with a video link to a remote member of staff.

10. With respect to TOCs being prohibited from charging fees, what are your views on the impact of this requirement? To what extent, if any, does this give rise to a distortive effect between TOCs and third party retailers?

We think that there would be significant opposition to TOCs charging fees especially if this applied at station ticket outlets. We have reservations about third party retailers, such as the Train Line, charging fees as passengers can obtain just as good or often a better service directly from TOC websites if they are made aware, which ideally they should be, of the options.

Chapter 5

11. What are your views on the current form of industry governance? Are there specific examples where the governance has enabled or limited retail innovation? Where necessary, how could industry governance be improved?

There are more benefits than disbenefits. Other areas of working together on network wide products should include add-ons of advance tickets to/from connecting, different TOCs services and carnet tickets (see our previous response March 2014).

12. What are your views on the current form of industry rules? What benefits do they give rise to, and how? Are there any specific aspects of industry rules that limit or dampen innovation in retail? How could they be addressed?

We are not sufficiently qualified to comment in detail.

13. With respect to the third party retailers' arrangements, to what extent does the nature of their relationship with TOCs enable them to benefit passengers, including bringing about competition and innovation? How are the arrangements between the wholesale provider and the third party retailers in

other sectors relevant to rail? What is the impact of third party retailers in rail not having access to a wholesale market / wholesale price? Do the industry governance, rules, processes, and systems pose additional impacts for third party retailers that we have not captured?

We support third party retailers being able to sell season and a wider range of tickets.

We have 2 examples of barriers to third party retailers though admittedly these are not recent but may be of some help.

- Some 8 or more years ago the Tourism & Leisure Dept. of Tameside District Council took out a licence to sell rail tickets from its offices in Ashton under Lyne. The reason behind this was to be able to supply tickets for Council officer and member travel and also to provide a retail outlet from its public office counter in the Market Place area. They believed that the commission earned would not only pay for the system but also be able to produce savings for the Council in travel costs. However in reality they found the system complex to operate with a disproportionate amount of human resource required to run it. Additionally constant changes of software and hardware that had to be paid for resulted in the process becoming uneconomical, so it was abandoned. There were reports of an uncooperative attitude on the part of ATOC.
- We understand that Lancaster City Council experienced similar problems at the same time. They needed to guarantee £100k of annual ticket sales with no recompense for losses if they failed to achieve the target. They decided that it was not worth the risk.

These were some time ago but the lack of any progress in such provision perhaps exhibits that barriers still exist.

14. What are your views on the current form of industry processes and systems? What benefits do they give rise to, and how? Are there any specific aspects of industry processes that limit or dampen innovation in retail? Do these processes have other impacts, either causing problems or leading to benefits?

Common systems and integration are to be commended. We support the growth of smart technology which should be paralleled by enhanced integrated and multi modal ticketing options. Just to make a comment we have always had practical misgivings about CrossCountry's Advance Purchase on the day because of the effect on walk up passengers who are already on the train.

15. With respect to industry data, how does access to and quality of data manifest? What is the impact?

This data is indispensable to all ticket retailers.

Chapter 6

16. What are your view on our proposed approach to assessing the materiality and relevance of the impacts? Please particularly consider the extent to which the incentives, obligations, governance, rules, processes and systems in place facilitate or inhibit i) passengers being active, empowered and engaged in the market, causing suppliers and retailers to reduce costs and raise quality; and ii) retailers can compete to deliver services that meet consumers' needs and expectations.

The evidence so far is that passengers have benefited from retail products produced under the present governance, etc. Ticket products have to be matched to the available services and capacity and also take cognisance of fares regulation. There is flexibility under the existing regime to offer good deals and scope for extending these and the development of third party retailing is important. A major factor is passenger awareness of the ticket retailing opportunities open to them and how they can be signposted to the optimum sites that give best value to suit their circumstances. The biggest turn off for potential passengers is probably the fact that regulated fares have risen significantly over the last few years

17. What are your views on proposed approach to Stage Two of the Review?

We look forward to being involved.

18. What other views have you regarding the Review that has not been captured in the questions above?

None.

Thank you for the opportunity to respond

Yours faithfully

John A Moorhouse

John Moorhouse
Company Secretary